



Annual Budget [EC442]

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 May 2009.

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Glossary

Annual Budget – means an approved budget for one year. It does not include published forward estimates or projections for period beyond the budget period.

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

AFS- Annual Financial Statements

Assessment Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.

CRR – Capital Replacement Reserve. A cash reserve set aside for future capital expenditure.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

CFO - Chief Financial Officer

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by National to Provincial and local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

EPWP – Expanded Public works.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GIS – Geographic Information System.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MEC – Minister in Executive Committee (Province).

MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

MPAC – Municipal Public Accounts Committee.

NERSA – National Electricity Regulator of South Africa.

NT – National Treasury.

PT – Provincial Treasury

DM – District Municipality

NDPG – Neighbourhood Development Framework Grant.

Net Assets – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

R&M – Repairs and maintenance on property, plant and equipment.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

SCM – Supply Chain Management.

Unauthorised expenditure – Generally, **is spending** without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In Umzimvubu Municipality this means at department level.

PART 1 – ANNUAL BUDGET

Mr Speaker
EXCO Members
Chief Whip & Whippers
Councillors
Management & Staff
Media Coops
Members of the Public in the gallery
Ladies and Gentlemen

I am bringing you warm greetings from the collective of the Executive Committee, over which I am privileged to preside.

On Sunday 25th May the people of our beloved continent celebrated the Africa Day.

Africa Day was founded during the first conference of Independent African States, which attracted African leaders and political activities from countries in Ghana in 1958.

It was then resolved at the founding conference of the Organisation of African Unity (OAU) in Addis Ababa, Ethiopia in 1963 that all the states and nations of our continent should hold annual celebrations of Africa Day which falls on May 25 each year.

Accordingly, South Africa, as an integral part of the continent has held its own activities, notably in in Nelson Mandela Bay and Ethwekwini Municipalities respectively to celebrate the 51st anniversary of Africa Day.

Honourable Councillors will recall that the OAU has since been renamed as African Union (AU) on 9 July 2002 at Durban.

Outlining the guiding principles and objectives of the new entity, the African Union, former President Mbeki had this to say:

“... The first task is to achieve unity, solidarity, cohesion, cooperation among the people of Africa and African states. We must build all the institutions necessary to deepen political, economic and social integration of the African Continent. We must deepen the culture of collective action in Africa and in our relations with the rest of the world.”

Mr Speaker, over the last few days a number of significant developments have taken place in the political and government landscape of our country.

In this regard I would like to refer to a few of these latest developments.

As you will recall, on Saturday the 24th of May 2014 President Zuma was sworn in by the Chief Justice as the President of the 5th Democratic Administration.

The following day, in the evening, he appointed members of the National Executive, commonly known as the cabinet.

It is important to note that a week earlier Provincial Premiers and MEC's were sworn in as leaders of government in their respective provinces.

All these activities and programmes of our young democracy seek to confirm that South Africa is making a significant progress in terms of deepening democracy and the culture of human rights.

As a result of these democratic advances of our young constitutional democracy we now have the Honourable Fikile Xasa and Pravin Gordhan as our new MEC and Minister of Local Government respectively.

Consistent with our resolve of ensuring compliance with the dictates and imperatives of legislation we have embarked on an IDP/Budget Roadshow for the 2014/2015 Financial Year in each of the 27 Wards of the Umzimvubu Municipality.

In this regard section 24(1) of the Municipal Finance Management Act N0. 56 of 2003 requires that we must table the Municipal Budget to Council for approve on or before 31 May 2014.

It is for reason that I am pleased that today we are tabling the budget for 2014/2015 Financial Year. As I have mentioned earlier on, this tabling of the Budget today was preceded by a lengthy and participatory process of consultation of communities in all the 27 Wards of the ULM as prescribed in Municipal Systems Act and other pieces of legislation.

I have no doubt that budget we are tabling today fully enjoys the support and buy in the communities we were elected to represent in Council.

I am confident that working together with our community we can move South Africa forward.

However, it is a fact and not an opinion that the community needs often far exceed the resources at our disposal.

It was for this reason that we had to embark on such an extensive outreach programme so that working together with our community in moving South Africa forward we can build a better life for all by doing a breakdown and needs analysis within available resources.

In accordance with our old tradition and in pursuance of our IDP the greater chunk of our revenue goes to infrastructural development projects.

Accordingly, a sum of R19 152 665 (R19, 1m) has been set aside for Capital Projects.

Consequent to our good track record on spending, our MIG Allocation for 2014/2015 Financial Year shows an increase of 8, 06% from the previous financial year.

This is true because in 2013/2014 our MIG was R40 066 000 (R40 million) and it is now R43 294 000 (R43, 2 million) for the 2014/2015 Financial Year.

In monetary terms this 8, 06% translates into R3 228 000 (R3, 2 million) increase.

We are pleased to report that this allocation will find its way to the construction of social facilities like the sports field and MPCC within the 2010 Fifa World Cup Legacy Project located at Mount Ayliff Stadium as well as the roads and bridges.

In pushing back the frontiers of poverty and broadening access to the economic services we have set aside a sum of R3 075 681 (R3, 0 million) for the Economic Infrastructure and Trading Facility.

It is through this vote that we will do paving at the Trading Facility, Phuthi Car Wash and Restaurant as well as the Ntentyana Picnic Facility.

Mr Speaker, on behalf of the Executive Committee I am going to table to Council for approval the Integrated Development Plan (IDP), Tariff Structure and Budget for the 2014/2015

In terms of the 2014/2015 Financial Year, I must say that the IDP and Budget remain our statement of commitment to fight poverty and build a better life for our communities to the best of our ability.

The Accounting Officer and or the CFO will give full details, however, I must quickly make the following highlights:

PERSONNEL R52 380 262.00

We are setting aside a sum of R52, 3m so that we can discharge and execute the programmes of the ULM.

EXCO OUTREACH PROGRAMME R499 830. 00

Guided by the principle of the enhancement of community participation we have set aside a sum of R499 830.00 for purposes of holding community meetings in the form of IDP and Budget Imbizo.

SP EVENTS AND PROGRAMMES R392 940. 00

For purposes of commemorating and celebrating the calendar events we are budgeting R392 940.00

INDIGENT SUPPORT R1 500 000. 00

We have increased the Indigent Support from R631 800.00 in 2013/2014 to R1 500 000. 00 (R1, 5 million) in the next financial year so that we can subsidise the rate payers and residents who cannot afford to pay for the services rendered by the municipality.

CLEANING SERVICES R400 000. 00

A sum of R400 000 has been set aside for the purchase of cleaning material and utensils in order to maintain a healthy and inspiring work environment.

LEGAL FEES R1 062 000. 00

A sum of R1 million will be utilised for professional costs in respect of legal matters the municipality may itself involved in.

SMME DEVELOPMENT R600 189. 00

In expanding our economic development initiatives we want to develop the small enterprises and we will do this at a cost of R600 189. 00

STRATEGIC PLANNING AND TEAM BUILDING R531 000. 00

Almost all scholars share the same view that staff motivation is one of the key anchors for good production.

In order to keep a happy labour force to ensure productivity in order to propel forward the strategic direction of the ULM we are allocating a sum of R531 000. 00 for the above vote.

FINANCIAL MANAGEMENT GRANT (FMG) R1 600 000. 00

Mr Speaker and colleagues, I am sure you will agree with me that the Municipal Financial Viability and Management is one of the Key Performance Areas for all municipalities, as provided for by the National Department of Co-operative Governance and Traditional Affairs.

It is against this background that we have budgeted R1, 6 million for financial management. This allocation shows a 6, 7% increase from the previous financial year.

WASTE MANAGEMENT R1 196 922. 00

We have budgeted R1, 1 million so that we are able to remain compliant with the imperatives of the National Environmental Management Act.

EXPANDED PUBLIC WORKS PROGRAMME R1 593 000. 00

It is through this programme that we continue to create job opportunities for our communities. Accordingly, we have set aside R1, 5 million for this programme.

FREE BASIC SERVICES R2 655 000. 00

A sum of R2, 6 million has been set aside for this purpose so that the poorest of the poor can now say “...today is better than yesterday and tomorrow will be better than today.”

Mr Speaker, Councillors, Ladies and Gentlemen it is my privilege that I am presenting to Council the 2014/2015 Budget whose major sources can be summarised as follows:

BUDGET INCOME FOR 2014/2015 FINANCIAL YEAR

GRANTS & SUBSIDIES: OPERATIONAL

Equitable Share	R136 167 000 (R136. 1m)
Financial Management Grant	R1 600 000 (R1. 6m)
MSIG	R 934 000
Integrated Electrification	R25 000 000 (R25 m)
LED Capacity	R 112 000
Community Based Planning	R 150 000
Small Town Revitalisation	R 500 000
Library Subsidies	R 250 000

GRANTS & SUBSIDIES: CAPITAL

MIG	R43 294 000
Total Grants & Subsidies	R209 600 000

OWN REVENUE (PRIMARY INCOME)

Property Rates	R10 000 000 (R10 m)
Refuse Removal	R2 500 000 (R2, 5 m)

OWN REVENUE (SECONDARY INCOME)

Traffic Fines	R 800 000
Drivers & Learners Licences	R2 400 000 (R2, 4m)
Vehicle Testing Station	R 110 000
Interest on Current Account	R 900 000
Interest – Outstanding Debtors	R1 300 000 (R1, 3m)
Other (Pound Fees, Building Plans, Rental of Building & Hall, Trading Licences, Proceeds on sale of assets, Towing Fees etc)	R21 413 451 (R21, 4m)
Total Own Revenue	R39 865 551 (R39, 8m)
Total Revenue Budget	R249 465 551 (R249, 4m)

BUDGET EXPENDITURE FOR 2014/2015 FINANCIAL YEAR

Personnel Expenditure	R52 380 262 (R52, 3m)
Councillors and Traditional Leaders Allowances	R14 657 860 (R14, 6m)
Operating Expenditure	R94 033 656 (R94, 0m)
Grants & Subsidies	R4 746 000 (R4, 7m)

Repairs & Maintenance	R 3 474 622 (R3, 4m)
Capital Expenditure	R80 173 152 (R80, 1m)
Total Expenditure	R249 465 551 (R249, 4m)
Mr Speaker and Colleagues, our Capital Allocation per Department is as follows:	
Budget & Treasury	R1 300 000 (R1, 3m)
Corporate Services	R4 239 540 (R4, 2m)
Council	R 100 000
Infrastructure	R65 522 346 (R65, 5m)
Municipal Manager	R 40 000
Local Economic Development	R2 050 000 (R2, 0m)
SP & Communication	R 700 000
Citizen& Community Services	R 30 000
Waste Management Services	R3 340 000 (R3, 3m)
Traffic Management Services	R2 851 266 (R2, 8m)

In conclusion it is my pleasure to table to Council for consideration the 2014/2015 Budget Comprising the total revenue of R249 465 551 (R249, 4m) and the total expenditure of R249 465 551 (R249, 4m)

It is through this budget that we will deliver services to the community of Umzimvubu Municipality. Mr Speaker and Councillors you will recall that the municipality had embarked for some time on a protracted process of relocation of the SAPS offices (charge office) for the purposes of construction of Mount Frere Bus and Taxi Rank.

Working together with my capable team of Mr Ntonga, our Infrastructure Manager and Mr Nota, the Accounting Officer, we have ultimately made a breakthrough.

As a consequence of the tremendous amount of work done by these managers on behalf of this organisation we can now walk tall with pride and dignity.

Consequent to the victory of this protracted struggle, I am now particularly honoured to report that the national Department of Public Works has finally granted Permission to Occupy and Build on Erf 209, Extent 6 306 m² and Erven 180, 182 & 183 with collective Extent of 8 148 m².

It is important to note that this would not have been achieved without the express approval of the Department of Rural Development and Land Reform, the official custodians of land in the Republic, under the new and current administration.

Accordingly, the said department has now assigned all powers and duties to the Department of Public Works for the exchange of Erf 209, Mt Frere for an appropriate portion of Erf 351, Mt Frere. This exchange now enables the relocation of the said property(s) for the sole purpose of constructing the much- needed bus and taxi rank.

In terms of this latest and exciting development we are now confident that the Mt Frere Development Consortium (PG Mavundla Projects (Pty) Ltd, Lingomso Shuttling & Multipurpose, Mt Frere Taxi Association and Zwelinzima Property Developers (Pty) Ltd) will immediately start with the construction in earnest for the realisation of the Mount Frere Municipal Multi Purpose Rank.

We, the Umzimvubu Local Municipality, have played our part in full and are now handing over the baton to the Consortium to implement the terms of reference as visualised in their concept document. I take this opportunity to wish them all of the best.

With those few words I thank you very much.

Section 2 – Budget Related Resolutions

The Resolutions approved by Council with the final adoption of the annual budget in May are:
RESOLVED:

[a] That the annual budget of Umzimvubu Local Municipality for the financial year 2014/2015; and indicative for the two projected years 2015/16 and 2016/17

1.1 **Table A2:** Budgeted Financial Performance (Expenditure by standard classification)

1.2 **Table A3:** Budgeted Financial Performance (expenditure by municipal vote)

1.3 **Table A4:** Budgeted Financial Performance (revenue by source)

1.4 **Table A5:** Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding

1.5 **Table A6:** Budgeted Financial Position

1.6 **Table A7:** Budgeted Cash Flows

1.7 **Table A8:** Cash backed Reserves

1.8 **Table A9:** Asset Management

[b] Tariffs and charges reflected in **Annexure 3** are approved for the financial year 2014/2015

[c] Council notes the amended Integrated Development Plan adopted on the March 2014 reflected as summarised in **Section 6**

[d] The budget related policies as summarised in **Section 8** are approved for budget year 2014/15

[e] The measurable performance objectives for each vote introduced in **Section 15** and detailed in Annexure 'Service Delivery and Budget Implementation Plan' are noted for the budget year 2011/12

Section 3 - Executive Summary

The Municipal Finance Management Act (MFMA) require that the council must at least 90 days before the start of the budget year consider the approval of the annual budget, but however Circular 67 was issued as advisor to municipalities.

Most of the requirements of the MFMA concerning the budget content and documentation are in place for this budget process and were incorporated into this budget document. Major requirements of the MFMA include:

- 1) the budget must set out 'realistically anticipated revenues' for the year by each revenue source;
- 2) the budget must be generally divided between capital and operating expenditures and each must be set out by 'vote';
- 3) expenditures can only be funded by 'realistic' revenues, surplus cash carried forward and not committed to any other expenditure or borrowed funds (borrowed funds can only be used to fund capital projects).

There are many other format requirements for the budget that are too numerous to mention here, however, a complete listing can be found in section 17 of the MFMA.

The preparation of this budget document evolved the making of critical policy decisions and key strategies and policy directions that were given by the Executive Committee over the past months. A 'baseline' budgets was developed in consultation with the Executive and formed the basis for operating budget discussions. These were given to the Managers to review and revise within given guidelines. These revised baseline budgets returned by the managers then formed the basis for the draft budget which is now which will be approved by the end of May 2014

The financial policies used to develop this budget are focused on making Umzimvubu is financially sustainable in the long run. We must not only have sufficient cash available to pay all the creditors that we owe as required by the MFMA but also to allow for a cash reserve to even out sporadic cash flows during the operating year.

Description	ADJUSTMENT BUDGET 2013/14	2014/15 DRAFT ANNUAL BUDGET	2015/16 BUDGET - INDICATIVE	2016/17 BUDGET - INDICATIVE
Revenue	-332 423 109	-249 465 551	-263 108 166	-277 316 007
Operating Budget	241 632 086	169 042 399	184 685 269	194 658 273
Capital Budget	90 791 023	80 423 152	85 168 117	89 937 532
	-	-	-	-

Operational Revenues are anticipated to reach R 249 million (including currently known grants received for operational expenditures)

The Capital Budget is funded from a blend of conditional grants, limited own funds and cash carried forward from prior years. Capital expenditures for 2014/15 are estimated to total R79 Million for a variety of projects and purchases.

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions

were incorporated into this budget document. The following list attempts to give the most significant of these.

Operating Revenues

- Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included to cover other services as a single amount and a separate amount to cover waste or refuse. This expense must be considered in any revenue discussion. Allocations for bad debt include the following amounts.
 - Rates and other services R10,000,000
- Rates and tariffs in most cases contain proposed increases.
 - Rates 6.2% increase
 - Refuse Collection 6.2% increase
- The Equitable Share Allocation from the National Treasury is R136 million which is an increase from the current budget of R117 million.

Operating Expenditures

- Employee salaries and related expenses are increased by the level indicated by correspondence from SALGA and CPIX. This amount to a 6.79% increase in 2014/15. In addition, all positions are budgeted to be filled for the entire year. Council allowances are also budgeted to increase by 6.68% .The salary bill makes up 34% excluding councilors of the Operating budget. The vacancy rate is low and also turnaround time for filling vacant position is good, and there were four new positions which have been budgeted in this draft which were from the organogram.
- An amount of R 600,000 has been allocated in the operating budget for normal street maintenance and repairs and also a portion from MIG
- An amount R74,6 million is included in the operating budget for normal operations of the institution
- Grants and subsidies paid by the municipality in terms of Free Basic Services and Local Economic Development initiatives and other organizations amounts to R 3.8 million

Capital Budget

The capital budget reflected in this document utilizes actually anticipated revenues and cash forward to fund the budgeted expenditures of R74 million. The portion includes the MIG grant (R43million), and the other portion is financed with the equitable share.

Other items in the operating budget

There are various conditional grants/other funded items and programs included within the operating budget. Most of these items (amounting to some R30.1million) are funded by conditional grants that specify exactly what the money can be expended on.

Effect of the annual budget

The annual budget for 2014/15 to 2016/17 is disclosed in 'Section 4: Annual budget tables' and in 'Annexure 2: Supporting budget tables'. Each of the summaries sections below is discussed in more detail later on this document

For easy reference, summary tables and graphs are included here.

Financial performance

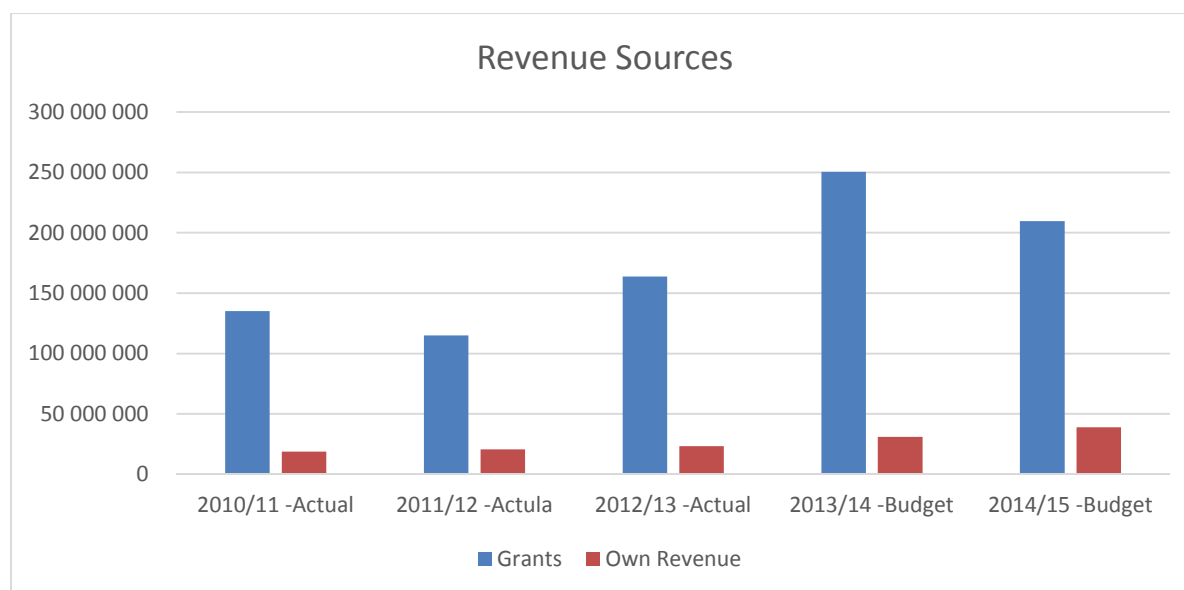
Revenue by source

Trends for the major revenue sources over the MTREF period is shown in the chart below, and it is also an illustration that municipality's budget is mostly funded from grants.

Umzimvubu Municipality does not only maintain but also continue to improve the quality of services provided to its citizens it needs to generate the requisite revenue. Local communities must understand that the continued generation of cash via good prudent budgeting, credible income policies and sound financial management systems is critical to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The municipality has no strategy in place and has appointed a debt collector, however has appointed service provider to map its strategy on the following key components:

- National Treasury's guidelines and macro-economic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which strives to ensure a 70 per cent annual collection rate for property rates and other key service charges;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and Tariff policies of the Municipality



Expenditure by Type

DESCRIPTION	ACTUAL 2010/2011	ACTUAL 2011/2012	ACTUAL 2012/2013	BUDGET 2013/14	2014/15 ANNUAL BUDGET	2015/16 BUDGET - INDICATIVE	2016/17BUDGET T - INDICATIVE
Employee related costs	31 666 798	33 908 371	39 573 154	49 185 146	52 740 262	55 693 717	58 701 177
Remuneration of councillors	11 389 093	13 113 451	13 219 975	13 916 931	14 657 860	15 478 700	16 314 550
Depreciation	23 294 115	29 681 377	32 018 334	30 000 000	31 860 000	33 644 160	35 460 945
Impairment	9 215 993	7 525 213	8 473 445	8 000 000	8 496 000	8 971 776	9 456 252
Finance Costs	1 314 284	664 232	972 496	20 000	21 240	22 429	23 641
Repairs & Mantainance	5 256 318	4 102 760	2 366 019	2 908 723	3 496 280	3 692 072	3 891 444
Cocontracted Services	680 021	667 186	2 138 509	5 150 000	6 632 000	7 003 392	7 381 575
Grants & Subsidies -	2 174 827	3 407 646	31 103 518	3 961 800	28 856 972	30 472 962	32 118 502
General Expenditure - other	2 174 827	3 407 646	43 517 526	51 234 495	72 026 324	76 059 798	80 167 027
	87 166 276	96 477 882	173 382 976	164 377 095	218 786 938	231 039 007	243 515 113

Tariff implications of the annual budget

Assessment rates

The municipal property rates are levied in different categories of consumers, and the budget has a slight increase from 2013/14 financial year, this has been informed by our collection trends or actuals for 2013/14 financial year and its midyear budget performance. This will probably increase when we do an adjustment budget as we have appointed a debt collector which is performing very well.

Waste Management

We had a 6.2% increase on the tariffs charged for this financial year, and we also devised other revenue mechanisms in waste management which were not implemented in the previous financial year. This still stands as the municipality is upgrading its landfill site this current financial year. We have budgeted a small increase on trading services, this is as a result of the review of the Waste Management Plan as it has to be in operation for two years. However, Circular 67 recommendations concerning this service have been taken into account and action plans have been formulated by the concerned department.

The budget as presented in this document meets the requirements of the MFMA and is presented to Council for approval.

Section 4 - Annual Budget Tables

The intention of this Section is two-fold

Firstly, the following tables form the basis of the Council resolution approving the annual budget for 2011/2012:

- Table A2: Budgeted Financial Performance (expenditure by standard classification)
- Table A4: Budgeted Financial Performance (expenditure by municipal vote)
- Table A4: Budgeted Financial Performance (revenue by source)
- Table A5: Budgeted Capital Expenditure for both multi-year and single year appropriations by vote, standard classification and funding

Secondly, this section presents and explains the various tables that must be compiled

EC442 Umzimvubu - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	8 160	92 895	10 756	8 900	9 000	9 000	9 000	10 000	10 540	11 109
Service charges	1 300	2 007	2 117	1 500	1 500	1 600	1 600	2 500	2 118	2 234
Investment revenue	5 000	2 128	2 251	–	230	230	230	1 900	2 012	2 121
Transfers recognised - operational	133 259	115 038	163 881	–	117 996	117 996	117 996	166 306	176 118	185 628
Other own revenue	54 367	7 408	8 281	–	6 207	6 207	6 207	24 689	26 146	27 653
Total Revenue (excluding capital transfers and contributions)	202 086	219 477	187 287	10 400	134 933	135 033	135 033	205 395	216 934	228 746
Employee costs	(45 941)	(33 940)	(9)	49 296	49 296	49 296	49 296	52 740	55 852	58 868
Remuneration of councillors	10 227	13 113	13 220	13 917	13 917	13 917	13 917	14 658	15 523	16 361
Depreciation & asset impairment	473	29 181	32 018	–	–	–	–	40 356	42 737	45 045
Finance charges	–	664	972	–	–	–	–	21	22	24
Materials and bulk purchases	3 359	5 431	2 366	–	–	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	43 770	46 642	54 714	5 146	70 175	70 175	70 175	78 043	82 624	87 088
Total Expenditure	11 889	61 092	103 282	68 359	133 388	133 388	133 388	185 819	196 758	207 385
Surplus/(Deficit)	190 198	158 385	84 005	(57 959)	1 545	1 645	1 645	19 577	20 175	21 361
Transfers recognised - capital	–	–	–	–	–	–	–	43 298	45 853	48 329
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	190 198	158 385	84 005	(57 959)	1 545	1 645	1 645	62 875	66 028	69 689
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	190 198	158 385	84 005	(57 959)	1 545	1 645	1 645	62 875	66 028	69 689
Capital expenditure & funds sources										
Capital expenditure	61 891	61 891	60 876	141 981	90 791	90 791	90 791	80 173	84 903	89 488
Transfers recognised - capital	61 891	61 891	60 876	141 981	90 791	90 791	90 791	80 173	84 903	89 488
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–

Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	61 891	61 891	60 876	141 981	90 791	90 791	90 791	80 173	84 903	89 488
Financial position										
Total current assets	52 545	36 785	54 616	60 776	63 126	60 217	60 217	68 403	72 439	76 350
Total non current assets	226 391	257 537	276 472	420 118	243 859	243 859	243 859	352 067	371 073	362 494
Total current liabilities	16 621	13 790	40 620	10 784	37 443	37 443	37 443	45 899	48 607	51 232
Total non current liabilities	5 736	7 063	10 578	937	-	-	-	625	661	697
Community wealth/Equity	-	244 953	250 105	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	14 079	48 526	65 446	167 473	113 263	113 263	113 263	80 173	84 903	89 488
Net cash from (used) investing	68 248	42 429	49 827	-	(90 792)	(90 792)	(90 792)	(80 173)	(84 903)	(89 488)
Net cash from (used) financing	2 121	291	319	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	114 072	205 318	320 909	216 475	71 473	71 473	71 473	49 512	49 511	49 511
Cash backing/surplus reconciliation										
Cash and investments available	29 625	34 560	49 512	25 489	38 224	38 224	38 224	66 313	70 226	74 018
Application of cash and investments	(25 917)	12 509	37 314	(89 275)	(6 934)	(1 399)	(1 399)	42 168	44 632	47 047
Balance - surplus (shortfall)	55 541	22 050	12 198	114 764	45 158	39 623	39 623	24 146	25 594	26 971
Asset management										
Asset register summary (WDV)	14 584	15 181	30 919	15 283	30 927	30 927	32 619	32 619	32 778	5 933
Depreciation & asset impairment	473	29 181	32 018	-	-	-	40 356	40 356	42 737	45 045
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	3 532	3 561	1 296	3 496	3 496	3 702	3 902
Free services										
Cost of Free Basic Services provided	-	-	-	3 132	3 132	3 132	3 226	3 226	3 416	3 601
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

The highlight of this table relate to increase in employee costs which further broken down in Annexure 2 'Supporting Table SA22: Summary councilor and staff benefits'.

EC442 Umzimvubu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
<i>Governance and administration</i>		12 491	107 557	124 966	143 634	149 126	148 976	170 057	180 088	189 813
Executive and council		–	150	–	–	150	–	150	158	167
Budget and treasury office		11 412	107 128	124 722	143 264	148 556	148 556	169 517	179 518	189 212
Corporate services		1 079	279	244	370	420	420	391	412	434
<i>Community and public safety</i>		6 547	5 025	4 225	4 746	5 452	5 452	5 246	5 335	5 629
Community and social services		2 560	1 041	102	257	277	277	152	161	170
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		3 987	3 984	4 123	4 489	5 175	5 175	5 094	5 174	5 459
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		40 030	21 025	34 532	131 607	121 366	121 366	69 820	71 847	78 883
Planning and development		2 296	2 033	2 329	88	3 331	3 331	840	876	931
Road transport		37 734	18 992	32 203	131 519	118 035	118 035	68 979	70 971	77 952
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		288	2 007	1 941	1 517	2 644	2 644	4 343	459 967	484 805
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		288	2 007	1 941	1 517	2 644	2 644	4 343	459 967	484 805
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	59 356	135 614	165 663	281 504	278 588	278 438	249 466	717 237	759 130
Expenditure - Standard										
<i>Governance and administration</i>		51 977	91 537	91 177	110 992	116 226	116 226	74 564	78 963	83 227
Executive and council		25 626	26 295	27 338	31 704	31 590	31 590	33 151	35 107	37 003
Budget and treasury office		14 014	51 852	52 920	63 070	68 418	68 418	25 093	26 574	28 009
Corporate services		12 336	13 389	10 919	16 218	16 218	16 218	16 319	17 282	18 215
<i>Community and public safety</i>		16 765	16 463	17 372	24 332	24 701	24 701	26 196	27 742	29 240
Community and social services		8 883	8 673	8 836	11 211	11 178	11 178	11 028	11 678	12 309
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		7 882	7 790	8 536	13 121	13 523	13 523	15 169	16 064	16 931
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		15 791	20 673	15 964	18 753	19 559	19 559	52 981	56 107	59 136
Planning and development		5 358	7 530	3 680	6 017	6 600	6 600	14 132	14 966	15 774
Road transport		10 432	13 143	12 284	12 736	12 959	12 959	38 849	41 141	43 362
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		6 868	7 859	8 354	11 875	12 582	12 582	15 552	16 469	17 359
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		6 868	7 859	8 354	11 875	12 582	12 582	15 552	16 469	17 359
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	91 401	136 533	132 867	165 953	173 069	173 069	169 292	179 281	188 962
Surplus/(Deficit) for the year		(32 044)	(918)	32 797	115 551	105 519	105 369	80 173	537 957	570 168

Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)
EC442 Umzimvubu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - Executive and Council		–	–	–	100	100	100	150	159	168
Vote 2 - Budget and Treasury		11 412	107 128	124 722	143 264	148 556	148 556	169 517	179 518	189 212
Vote 3 - Corporate Services		1 079	279	244	370	420	420	391	412	434
Vote 4 - Local Economic Development		2 296	2 033	2 329	88	3 331	3 331	840	876	931
Vote 5 - Infrastructure and Planning		37 734	18 992	32 203	131 519	118 035	118 035	68 979	70 971	77 952
Vote 6 - Community and Social Services		2 560	1 041	102	157	177	177	152	161	170
Vote 7 - Waste Management		288	2 007	1 941	1 517	2 644	2 644	4 343	459 967	484 805
Vote 8 - Public Safety		3 987	3 984	4 123	4 489	5 175	5 175	5 094	5 174	5 459
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	59 356	135 464	165 663	281 504	278 438	278 438	249 466	717 238	759 132
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		31 699	32 053	33 710	40 014	39 900	39 900	41 699	44 160	46 544
Vote 2 - Budget and Treasury		14 014	51 852	52 920	63 070	68 418	68 418	25 093	26 574	28 009
Vote 3 - Corporate Services		12 336	13 389	10 919	16 218	16 218	16 218	16 319	17 282	18 215
Vote 4 - Local Economic Development		5 358	7 530	3 680	6 017	6 600	6 600	14 132	14 966	15 774
Vote 5 - Infrastructure and Planning		10 432	13 143	12 284	12 736	12 959	12 959	38 849	41 141	43 362
Vote 6 - Community and Social Services		2 811	2 915	2 464	2 901	2 868	2 868	2 479	2 625	2 767
Vote 7 - Waste Management		6 868	7 859	8 354	11 875	12 582	12 582	15 552	16 469	17 359
Vote 8 - Public Safety		7 882	7 859	8 536	13 121	13 523	13 523	15 169	16 064	16 931
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	91 401	136 602	132 867	165 953	173 069	173 069	169 292	179 281	188 962
Surplus/(Deficit) for the year	2	(32 044)	(1 138)	32 797	115 551	105 369	105 369	80 173	537 957	570 170

Table A4 – Budgeted Financial Performance (revenue and expenditure)**EC442 Umzimvubu - Table A4 Budgeted Financial Performance
(revenue and expenditure)**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	8 160	92 895	10 756	8 900	9 000	9 000	9 000	10 000	10 540	11 109
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 300	2 007	2 117	1 500	1 500	1 600	1 600	2 500	2 118	2 234
Service charges - other											
Rental of facilities and equipment		1 065	885	1 534		1 265	1 265	1 265	1 529	1 619	1 706
Interest earned - external investments		5 000	2 128	2 251		230	230	230	1 900	2 012	2 121
Interest earned - outstanding debtors		-	428	1 139		750	750	750	1 300	1 377	1 452
Dividends received						-	-	-			
Fines		400	778	438		800	800	800	800	847	894
Licences and permits		2 767	2 161	2 110		2 282	2 282	2 282	2 494	2 641	2 784
Agency services		3 044	1 072	1 295		1 110	1 110	1 110	1 166	1 235	1 303
Transfers recognised - operational		133 259	115 038	163 881		117 996	117 996	117 996	166 306	176 118	185 628
Other revenue	2	46 291	2 084	1 765	-	-	-	-	17 401	18 427	19 514
Gains on disposal of PPE		800									
Total Revenue (excluding capital transfers and contributions)		202 086	219 477	187 287	10 400	134 933	135 033	135 033	205 395	216 934	228 746
Expenditure By Type											
Employee related costs	2	(45 941)	(33 940)	(9)	49 296	49 296	49 296	49 296	52 740	55 852	58 868
Remuneration of councillors		10 227	13 113	13 220	13 917	13 917	13 917	13 917	14 658	15 523	16 361
Debt impairment	3	365	7 732	6 473					3 398	3 599	3 793
Depreciation & asset impairment	2	473	29 181	32 018	-	-	-	-	40 356	42 737	45 045
Finance charges		-	664	972					21	22	24
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	3 359	5 431	2 366							
Contracted services		-	639	2 139	5 146	6 246	6 246	6 246	6 632	7 000	7 380
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	43 405	38 250	43 518	-	63 928	63 928	63 928	68 013	72 026	75 915
Loss on disposal of PPE		-	22	2 585							
Total Expenditure		11 889	61 092	103 282	68 359	133 388	133 388	133 388	185 819	196 758	207 385
Surplus/(Deficit)		190 198	158 385	84 005	(57 959)	1 545	1 645	1 645	19 577	20 175	21 361
Transfers recognised - capital									43 298	45 853	48 329
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		190 198	158 385	84 005	(57 959)	1 545	1 645	1 645	62 875	66 028	69 689
Taxation											
Surplus/(Deficit) after taxation		190 198	158 385	84 005	(57 959)	1 545	1 645	1 645	62 875	66 028	69 689
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		190 198	158 385	84 005	(57 959)	1 545	1 645	1 645	62 875	66 028	69 689
Share of surplus/ (deficit) of associate	7										

Surplus/(Deficit) for the year		190 198	158 385	84 005	(57 959)	1 545	1 645	1 645	62 875	66 028	69 689
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Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding

EC442 Umzimvubu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Capital expenditure - Vote</u>											
<u>Multi-year expenditure to be appropriated</u>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Local Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Infrastructure and Planning		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>	2										
Vote 1 - Executive and Council		-	-	853	1 280	1 639	1 539	1 539	840	890	938
Vote 2 - Budget and Treasury		670	670	613	650	950	950	950	1 300	1 377	1 451
Vote 3 - Corporate Services		1 491	1 491	552	700	1 380	1 380	1 380	4 240	4 490	4 732
Vote 4 - Local Economic Development		1 928	1 928	5 022	2 550	5 650	5 650	5 650	2 050	2 171	2 288
Vote 5 - Infrastructure and Planning		52 700	52 700	52 087	146 366	74 784	74 784	74 784	65 522	69 388	73 135
Vote 6 - Community and Social Services		29	29	29	35	35	35	35	30	32	33
Vote 7 - Waste Management		4 912	4 912	1 142	4 250	4 615	4 615	4 615	3 340	3 537	3 728
Vote 8 - Public Safety		50	50	577	950	1 801	1 801	1 801	2 851	3 019	3 183
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		61 780	61 780	60 876	156 781	90 854	90 754	90 754	80 173	84 903	89 488
Total Capital Expenditure - Vote		61 780	61 780	60 876	156 781	90 854	90 754	90 754	80 173	84 903	89 488
<u>Capital Expenditure - Standard Governance and administration</u>		2 271	2 271	2 018	2 830	3 896	3 896	3 896	6 380	6 756	7 121
Executive and council		110	110	853	1 480	1 638	1 638	1 638	840	890	938
Budget and treasury office		670	670	613	650	950	950	950	1 300	1 377	1 451
Corporate services		1 491	1 491	552	700	1 308	1 308	1 308	4 240	4 490	4 732
Community and public safety		80	80	607	985	1 836	1 836	1 836	2 881	3 051	3 216

Community and social services		29	29	29	35	35	35	35	30	32	33
Sport and recreation										-	-
Public safety		50	50	577	950	1 801	1 801	1 801	2 851	3 019	3 183
Housing											
Health											
Economic and environmental services		54 628	54 628	57 109	133 916	80 444	80 444	80 444	67 572	71 559	75 423
Planning and development		1 928	1 928	5 022	2 550	5 660	5 660	5 660	2 050	2 171	2 288
Road transport		52 700	52 700	52 087	131 366	74 784	74 784	74 784	65 522	69 388	73 135
Environmental protection											
Trading services		4 912	4 912	1 142	4 250	4 615	4 615	4 615	3 340	3 537	3 728
Electricity											
Water											
Waste water management											
Waste management		4 912	4 912	1 142	4 250	4 615	4 615	4 615	3 340	3 537	3 728
Other											
Total Capital Expenditure - Standard	3	61 891	61 891	60 876	141 981	90 791	90 791	90 791	80 173	84 903	89 488
Funded by:											
National Government		61 891	61 891	60 876	141 981	90 791	90 791	90 791	80 173	84 903	89 488
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	61 891	61 891	60 876	141 981	90 791	90 791	90 791	80 173	84 903	89 488
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	61 891	61 891	60 876	141 981	90 791	90 791	90 791	80 173	84 903	89 488

Table A6 – Budgeted Financial Position
EC442 Umzimvubu - Table A6 Budgeted
Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		29 625	34 560	49 512	25 489	38 224	38 224	38 224	66 313	70 226	74 018
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	–	105	82	20 083	20 083	20 083	20 083	87	92	97
Other debtors		22 567	75	153	14 646	4 261	1 352	1 352	1 437	1 521	1 604
Current portion of long-term receivables			1 594	4 387	107	107	107	107	113	120	126
Inventory	2	354	451	482	451	451	451	451	452	479	505
Total current assets		52 545	36 785	54 616	60 776	63 126	60 217	60 217	68 403	72 439	76 350
Non current assets											
Long-term receivables											
Investments											
Investment property		14 286	14 286	29 922	14 286	29 922	29 922	29 922	29 922	29 922	2 922
Investment in Associate Property, plant and equipment	3	211 807	242 338	245 535	404 817	212 914	212 914	212 914	319 430	338 277	356 543
Agricultural											
Biological											
Intangible		298	895	997	997	1 005	1 005	1 005	2 697	2 856	3 010
Other non-current assets			18	18	18	18	18	18	18	18	18
Total non current assets		226 391	257 537	276 472	420 118	243 859	243 859	243 859	352 067	371 073	362 494
TOTAL ASSETS		278 936	294 322	331 088	480 894	306 985	304 076	304 076	420 470	443 511	438 844
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	291	319	349	–	–	–	–	370	392	413
Consumer deposits											
Trade and other payables	4	16 330	13 337	40 198	10 784	37 443	37 443	37 443	45 529	48 215	50 819
Provisions			134	73							
Total current liabilities		16 621	13 790	40 620	10 784	37 443	37 443	37 443	45 899	48 607	51 232
Non current liabilities											
Borrowing		1 255	937	588	937	–	–	–	625	661	697
Provisions		4 481	6 127	9 989	–	–	–	–	–	–	–
Total non current liabilities		5 736	7 063	10 578	937	–	–	–	625	661	697
TOTAL LIABILITIES		22 358	20 853	51 198	11 720	37 443	37 443	37 443	46 524	49 269	51 929
NET ASSETS	5	256 578	273 469	279 890	469 173	269 542	266 633	266 633	373 946	394 243	386 915
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			244 953	250 105							
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	–	244 953	250 105	–	–	–	–	–	–	–

Table A7 - Budgeted Cash Flows
EC442 Umzimvubu - Table A7
Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		117 994	32 856	11 609	29 964	30 455	30 455	30 455	36 716	38 882	40 981
Government - operating	1		114 759	185 711	121 494	151 786	151 786	151 786	166 306	176 118	185 628
Government - capital	1				129 066	153 072	153 072	153 072	43 294	45 848	48 324
Interest		4 346	2 556	2 367	980	230	230	230	3 150	3 335	3 516
Dividends											
Payments											
Suppliers and employees		(107 627)	(100 981)	(133 269)	(110 840)	(218 898)	(218 898)	(218 898)	(164 525)	(174 232)	(183 641)
Finance charges		(634)	(664)	(972)	(20)	(20)	(20)	(20)	(21)	(22)	(24)
Transfers and Grants	1				(3 170)	(3 362)	(3 362)	(3 362)	(4 746)	(5 026)	(5 297)
NET CASH FROM/(USED) OPERATING ACTIVITIES		14 079	48 526	65 446	167 473	113 263	113 263	113 263	80 173	84 903	89 488
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		68 017	42 429	49 827							
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets		231				(90 792)	(90 792)	(90 792)	(80 173)	(84 903)	(89 488)
NET CASH FROM/(USED) INVESTING ACTIVITIES		68 248	42 429	49 827	-	(90 792)	(90 792)	(90 792)	(80 173)	(84 903)	(89 488)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		1 834	291	319							
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		287									
NET CASH FROM/(USED) FINANCING ACTIVITIES		2 121	291	319	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		84 447	91 246	115 591	167 473	22 471	22 471	22 471	(0)	(0)	(0)
Cash/cash equivalents at the year begin:	2	29 625	114 072	205 318	49 002	49 002	49 002	49 002	49 512	49 512	49 511
Cash/cash equivalents at the year end:	2	114 072	205 318	320 909	216 475	71 473	71 473	71 473	49 512	49 511	49 511

Table A8 – Cash backed reserves/ accumulated surplus**EC442 Umzimvubu - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	114 072	205 318	320 909	216 475	71 473	71 473	71 473	49 512	49 511	49 511
Other current investments > 90 days		(84 447)	(170 758)	(271 397)	(190 986)	(33 249)	(33 249)	(33 249)	16 802	20 715	24 507
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		29 625	34 560	49 512	25 489	38 224	38 224	38 224	66 313	70 226	74 018
Application of cash and investments											
Unspent conditional transfers		2 017	1 737	23 567	–	–	–	–	1 321	1 398	1 474
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(27 934)	10 772	13 747	(89 275)	(6 934)	(1 399)	(1 399)	40 847	43 234	45 573
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(25 917)	12 509	37 314	(89 275)	(6 934)	(1 399)	(1 399)	42 168	44 632	47 047
Surplus(shortfall)		55 541	22 050	12 198	114 764	45 158	39 623	39 623	24 146	25 594	26 971

Table A9 – Asset Management
EC442 Umzimvubu - Table A9 Asset Management

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	-	100 215	72 929	72 199	80 173	84 903	89 488
Infrastructure - Road transport		-	-	-	-	56 766	56 766	60 749	64 333	67 807
Infrastructure - Electricity		-	-	-	89 000	671	671	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	89 000	57 437	57 437	60 749	64 333	67 807
Community		-	-	-	1 500	7 364	7 364	2 000	2 118	2 232
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	9 035	7 399	7 399	15 724	16 652	17 551
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	680	730	-	1 700	1 800	1 898
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	56 766	56 766	60 749	64 333	67 807
Infrastructure - Road transport		-	-	-	-	56 766	56 766	60 749	64 333	67 807
Infrastructure - Electricity		-	-	-	89 000	671	671	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	89 000	57 437	57 437	60 749	64 333	67 807
Community		-	-	-	1 500	7 364	7 364	2 000	2 118	2 232
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	9 035	7 399	7 399	15 724	16 652	17 551
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	680	730	-	1 700	1 800	1 898
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	100 215	72 929	72 199	80 173	84 903	89 488
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										

Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		14 286	14 286	29 922	14 286	29 922	29 922	29 922	29 922	2 922
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		298	895	997	997	1 005	1 005	2 697	2 856	3 010
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	14 584	15 181	30 919	15 283	30 927	30 927	32 619	32 778	5 933
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		473	29 181	32 018	-	-	-	40 356	42 737	45 045
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	-	3 532	3 561	1 296	3 496	3 702	3 902
Infrastructure - Road transport		-	-	-	600	1 296	1 296	600	635	670
Infrastructure - Electricity		-	-	-	600	-	-	600	635	670
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	1 200	1 296	1 296	1 200	1 271	1 339
Community		-	-	-	421	906	-	771	817	861
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	1 910	1 359	-	1 525	1 615	1 702
TOTAL EXPENDITURE OTHER ITEMS		473	29 181	32 018	3 532	3 561	1 296	43 852	46 439	48 947
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	0.9%	1.7%	0.6%	1.1%	1.1%	1.1%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	23.0%	12.0%	4.0%	11.0%	11.0%	66.0%

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Overview of annual budget process

Annual Planning Process

Budget planning follows a number of processes to enable us to achieve the final position. The starting point is obviously the IDP and it should be noted that this is the first IDP of the current IDP cycle.

The operating budget for 2014/15 has been driven totally on the premise of consumer affordability, as the municipality has a number of indigents.

This budget was compiled based on the strategic meeting held after the appraisal of the first six months performance of the 2013/14 financial year, and was presented to the Executive Mayoral Committee this year regarding the rate and tariff increases

This budget has concentrated on delivering previously agreed priorities and projects and completing and implementing these timeously. There is therefore little that is new in the process.

Budget Process 2014/15

The budget process followed the requirements of the MFMA. The budget timetable and major deadlines as approved by the Mayor in terms of section 21(1) (b) of the MFMA were followed,

A schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August 2013, which the draft annual budget will be tabled by 27 March 2014; section 24 MFMA; however Circular 72 gave guidance to municipalities in preparation of the draft.

DRAFT IDP AND BUDGET FOR 2014/2015 ADOPTED BY COUNCIL ON THE 27TH MARCH 2014
14, 15, 16 & 17 APRIL 2014

Date	Ward No.	Venue	Locality	Time	Team	Team Leader	Invited Cllrs	Traditional Leader(s)	Official(s)	CDW(s)
14 April 2014	1	Wesleyan Church	Mount Ayliff	10H00	A	Cllr. Ndevu	Cllr. Mabindisa		Mr. Mlenzana	B. Ndamse
	2	Lubaleko Community Hall	Mount Ayliff	10H00	B	Cllr. Thingathinga	Cllr. Myingwa	N. Jojo	Ms. Fikeni	O. Nqatsha
	3	Msukeni Community Hall	Mount Ayliff	10H00	C	Cllr. Nkqayi	Cllr. Mambi		Mr. Lwana	X. Mfunte, N. Mvulana
	4	Betshwana Community Hall	Mount Ayliff	10H00	D	Cllr. Mbele	Cllr. Mantshongo	B. Jojo	Mr. Vakalisa, Ms. Mbhele	P. Mkhonto
	5	Nzongiseni Community Hall	Mount Ayliff	10H00	E	Cllr. Bulana	Cllr. Pakkies		Mr. Moleko	M. Zungula
	6	Mbumbazi Community Hall	Mount Ayliff	10H00	F	Cllr. Phangwa	Cllr. Mnukwa		Mr. Nqhome	B. Ndamse
	7	Mt Ayliff Town Hall	Mount Ayliff	17H00	G	Cllr. Qasha	Cllr. Gwanya, Cllr. Mpanda		Mr. Lihlehla, Mr. Mandlana, Ms. Msuthu	Z. Ngeyane
Date	Ward No.	Venue	Locality	Time	Team	Team Leader	Invited Cllrs	Traditional Leader(s)	Official(s)	CDW(s)
15 April 2014	8	Lugelweni Community Hall	Mount Ayliff	10H00	H	Cllr. Nkula	Cllr. Hem	Chief N. Fikeni Chief B. Jojo	Mr. Vakalisa	N. Mvulana
	9	Mhluzini Community Hall	Mount Ayliff	10H00	I	Cllr. Qasha	Cllr. Boyce, Cllr. Mgweba		Mr. Moabi	X. Mfunte
	10	Colana Jun Sec School	Mount Frere	10H00	E	Cllr. Sisilana	Cllr. Godlo		Mr. Maqungo	V. Ngodwana
	11	Rhode Community Hall	Mount Frere	10H00	A	Cllr. Ngalonkulu	Cllr. Gwebani	Chief GP Nota, Chief Sontsi, Chief Ncapai	Mr. Mketsu	B. Gubelana-Mngambi
	12	Nophoyi Community Hall	Mount Frere	10H00	B	Cllr. Nkqayi	Cllr. Mgweba	Chief F. Makaula Chief P. Mdutyana	Mr. Vakalisa	N. Siswana

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	13	Mhlutha JSS	Mount Frere	10H00	C	Cllr. Mbele	Cllr. Ntwakumba		Mr. Maqalekane	T. Faye-Msutu
	14	Huku Community Hall	Mount Frere	10H00	D	Cllr. Mpumlwana	Cllr. Makhanda		Mr. Kweleta	A. Langa
Date	Ward No.	Venue	Locality	Time	Team	Team Leader	Invited Cllrs	Traditional Leader(s)	Official(s)	CDW(s)
16 April 2014	15	Lugangeni Community Hall	Mount Frere	10H00	E	Cllr. Phangwa	Cllr. Mlandu	Chief T. Makaula	Ms. Fikeni, Mr. Maqungo	N. Mbebe-Jacisa
	16	Nkulisa Jun Sec School	Mount Frere	10H00	A	Cllr. Ngalonkulu	Cllr. Ripa		Mr. Pikwa	N. Hlaziya
	17	St Georges Jun Sec School	Mount Frere	10H00	B	Cllr. Nkula	Cllr. Godlo	Chief M. Sogoni	Mr. Sogoni	S. Ntondini
	18	Mount Frere Town Hall	Mount Frere	17H00	F	Cllr. Sisilana	Cllr. Gcadinja		Mr. Lihlehla, Mr. Mandlana, Ms. Msuthu	T. Faye
	19	Mntwana eWisile	Mount Frere	11H30	C	Cllr. Bulana	Cllr. Gogela		Mr. Sineke, Mr. Ntshikilana	M. Ngcingwana
	20	Dangwana Community Hall	Mount Frere	10H00	D	Cllr. Mpumlwana	Cllr. Mendu		Mr. Funani	T. Matshoba
Date	Ward No.	Venue	Locality	Time	Team	Team Leader	Invited Cllrs	Traditional Leader(s)	Official(s)	CDW(s)
17 April 2014	21	Qoqa Jun Sec School	Mount Frere	10H00	E	Cllr. Thingathinga	Cllr. Gcandinja		Mr. Mlenzana	N. Mbebe-Jacisa
	22	Njijini Community Hall	Mount Frere	10H00	A	Cllr. Mbele	Cllr. Nyangane	Chief Sodladla	Mr. Vakalisa	Z. Mandla
	23	Nompilo Preschool	Mount Ffrere	10H00	B	Cllr. Ngalonkulu	Cllr. Makanda		Mr. Pikwa	Z. Mandla
	24	Ezibholorhweni Community Hall	Mount Frere	10H00	C	Cllr. Nkqayi	Cllr. Mnukwa		Mr. Sineke	N. Godlo

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	25	Osborn Hall	Mount Frere	10H00	D	Cllr. Sisilana	Cllr. Mankanku		Mr. Maqalekane	N. Mbuli
	26	Zwelijikile Community Hall	Mount Ayliff	10H00	E	Cllr. Ndevu	Cllr. Jojo		Mr. Kweleta	F. Mngweba
	27	Mpendla Community Hall	Mount Frere	10H00	F	Cllr. Phangwa	Cllr. Cekeshe		Mr. Vakalisa	B. Gubelana-Mngambi

Municipality's budget is prepared on a three year basis. This takes into account the National and Provincial three year allocations to the municipality. The MFMA requires municipalities to prepare three year budgets to ensure more thorough financial planning and provide for seamless service delivery.

The municipality sets out measurable performance objectives to link the financial inputs of the budget to service delivery on the ground. This is done in a form of quarterly service targets and monthly financial targets that are contained in the Service Delivery and Budget Implementation Plan (SDBIP). The plan must be agreed by the Mayor within 28 days of the approval of the final budget and forms the basis Municipality's in year monitoring.

Section 6 – Overview of alignment of the annual budget with the Integrated Development Plan

Introduction

Municipalities are required to develop five year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the budget. The IDP and Budget are inter-related documents. The IDP is the budget in words, just as the budget is IDP in figures. In the past years comprehensive efforts have been made towards ensuring that the two documents are closely link.

Umzimvubu's vision: To be the best run Municipality in South Africa

Uzimvubu's mission: To properly plan and deliver quality and sustainable services to improve the socio-economic status within the broader Umzimvubu community

Key challenges facing Umzimvubu

1. Sustainable Infrastructure

The rapid growth of the municipality has put a lot of pressure on the areas' infrastructure. Infrastructural needs are growing at an unprecedented rate which the municipality is struggling to match.

2. The challenge of promoting Local Economic Development

The need for the diversification of local economy through facilitation the emergency of previous underperforming sectors is an important catalyst for economic development. Our Local Economic Development strategy focuses on mainstreaming the previously disadvantage people. Crucial to this will be the need to work in partnership with relevant stakeholders in boosting employment and fostering SMMEs. The municipality hosts number of events which are to enhance tourism and also improve quality of the SMMEs.

3. The challenge of ensuring municipal viability

The municipality lives and dies by its ability to balance needs with resources. Umzimvubu cannot generate sufficient resources to properly satisfy all needs. Therefore those needs will have to be managed and dealt with in a financially sustainable manner.

4. The challenge of municipal transformation and institutional development

Staff development is a crucial to meet the challenges of Umzimvubu. The Employment Equity imperatives have to be assessed continual to ensure the Umzimvubu Municipality's transformation agenda of South Africa.

5. Public Participation

Public Participation is an important feature of any democratic environment. Although the legislative environment provides adequately for public participation, Umzimvubu Municipality is a challenged to ensure that it continues to build on its successes over the last few years

Section 7 – Measurable performance objectives and indicators

The list below are financial indicators and ratios:

- Borrowing management
- Safety of capital
- Liquidity
- Debtors' and creditors' management
- Mix of expenditure types
- Mix of revenue sources
- Unaccounted for losses in respect of services rendered

It is not the intention to go through each of the various indicators etc., but merely to highlight the fact that National Treasury now has the ability to monitor a budget with a cursory glance. These indicators are taken in conjunction with specifically to afford National Treasury the ability to monitor and take reasoned view on financial position of a municipality and in so doing them can either support the Council's approval of the budget.

Challenges

The challenges, as mentioned, are for capital funding to provide the additional community facilities and access roads to meet the growth of Umzimvubu and its infrastructure. Grant funding is used and also portion of equitable share, the management is seeking funding in all avenue to have infrastructure as to pave a way for Local Economic Development, as LED is the priority of the municipality

Section 8 – Overview of budget related policies

The detailed policies themselves are not included in this section of the budget documentation

Policies are also available at the Council offices in 813 Main Street for viewing as well as on the internet at www.umzimvubu.gov.za. This section gives a broad overview of the budget policy framework and highlights the amended policies to be approved by Council resolution

Name of policy	Purpose/Basic areas covered by the Policy	Summary of changes	Responsible Official
REVENUE RELATED			
Tariff	Setting criteria for establishing service tariffs	n/a	N Mnini
Rates	Setting criteria for establishing rates tariffs	<p>Rebate shall be granted to the indigent people as per the municipal developed indigent policy. Where a person is declared as an indigent in terms of the indigent policy, the person shall on application to the council, be granted a rebate be as follows:</p> <p>Refuse removal 100 %</p> <p>Rebate shall be granted to all properties not enjoying all municipal services as indicated below:</p> <p>Where the facility is available but has not been connected by the Ratepayer, the facility shall be deemed to be on the property.</p> <p>Where as a result of a natural disaster the infrastructure of the area is damaged, council may grant rebate to the property owner equivalent to the rebate granted for the nonexistence of such a service.</p> <p>Public benefit organizations operating from the municipality for the benefit of people in other municipal areas shall be granted rebate on a sliding scale. The size of rebate shall be determined by the extent to which people in the municipal area benefits from their operations vis-à-vis service to other areas</p>	N Mnini
Credit Control and debt collection	Principles and guidelines to be followed with respect to arrear consumer debt control	Interest will be raised on payments received after the due date at a rate of 10 % . This is in terms of Local Government Ordinance 1993. The interest will be calculated on monthly basis. By-Law in respect of the raising of interest needs to be adopted by the Council after the approval, promulgated in the Provincial Gazette. The implementation thereof will be from the date of promulgation.	N Mnini
Indigent support	Guidelines and procedures for the subsidizing	n/a	N Mnini

	of rates and basic services to indigent households		
BUDGET & EXPENDITURE RELATED			
Supply Chain	Dictates procedures for the procurement of goods and services	The Umzimvubu Municipality will ensure that through SCM unit the turnaround time for delivery of goods and services is within seven days and for specialized goods such as TLB, and motor vehicles is a minimum of 14 days and a maximum of 21 days from the date of issuing of appointment letter or official order. Any bidder who fails to deliver within the specified time and without any valid reason will be terminated and also blocked in the supplier database as a non-performer.	S. Lwana
Petty Cash	To ensure economic use & efficiency of municipal resource & to ensure speedy service delivery	N/A	NF Siwahla
Cash Management	To outline Creditors' payment terms	N/A.	NF Siwahla
Subsistence and Travelling Policy	To regulate travelling costs of both councilors and staff	Officials who are not paid travelling allowance may be authorized to use their own private vehicle by the immediate supervisors / Departmental HOD's in order to attend business trips. Remove 500kms & 350kms for assistant managers	NF Siwahla
Budget Policy	To set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the roles and responsibilities of in compiling such budget	At least 8% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, excluding in the following instances: Funds relating to capital expenditure; or Unspent grants (if the conditions for such grant funding allows that). Conditions of the grant funding shall be taken into account in applying for such rollover of funds. No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.	S. Kweleta

		<p>No unspent operating budget shall be rolled over to the next budget year</p> <p>Any application for a rollover of capital funds must be forwarded to the Budget and Treasury Office by the latest 15th of July of each year. Only these applications will be considered for inclusion in an adjustment budget. The adoption by Council will take place not later than 30th August</p>	
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Section 9 – Overview of budget assumptions

Introduction

Budget Assumption

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumption need to be made about internal and external factors that influence the budget. The section provides a comprehensive summary of the assumptions used in preparing the budget.

The budget is premised on a 72% payment level. This is in line with all our trends in the last 18 months and reflects similar outcome as at June 2013. This is below as compared to the outcomes of previous years.

External factors (population migration, employment, etc)

Over the recent years Umzimvubu has experienced rapid population growth although the census report states that there is a decrease. This must be seen as against the backdrop of developable land, a sensitive environment and a lack of new jobs being created in the local economy. This presents a serious challenge to Council to improve the efficiency of its systems.

The fact is that the population is growing faster and we have limited resources for service delivery and unemployment demands.

General inflation outlook and its impact on the municipal activities

The headline CPI forecast for 2014, 2015 and 2016 are 6.2%, 5.9% and 5.4% respectively. The growth parameters apply to tariff increases for property rates, user and charges raised by municipalities; this is to ensure that all spheres of government support the national macroeconomic policies. Any increase that is above the forecast must be fully communicated to the community.

Rates, tariffs, charges and timing of revenue collection

	Budget 2014/15 R '000	Indicative 2015/16 R '000	Indicative 2016/17 R '000
Rate	10,000	10,540	11,109
Refuse	2,500	2,647	2,790

Collection rates for each revenue source and customer type

The Municipality has in place a fair rigorous credit control policy and has not been implement fully. Furthermore, its policy on indigent support and social rebates means that many households who would normally struggle to pay their accounts receive free or subsidised basic services thereby keeping them free of the municipal debt.

It is a fact that there will always be an element of the total amount billed that will remain uncollected. The municipality is the same as any other business in this regard. Provision has to be made in the budget for any bad debts based on assumptions on collection rates

The following bad debt provision and collection rates are assumed in the MTREF for rates and tariffs

	Budget 2014/15 R '000	Indicative 2015/16 R '000	Indicative 2016/17 R '000
Provision for bad debts	3,398	3,598	3,793
Table A4: Debt impairment			
Assumed collection rate	97.7	97.8	97.6
Supporting Table: SA10: Cash receipts % of ratepayers and other revenue			

Trends in demand for free or subsidised basic services

Umzimvubu's criteria for supporting free or subsidised basic services are set out in the indigent support policy. The Government allocates revenue via the Division of Revenue Act (DORA) in the form of Equitable Share Grant with the primary aim of assisting municipalities with the costs of providing free or subsidised basic services. Any costs over and above the equitable share are met by the Municipality.

	Budget 2014/15 R '000	Indicative 2015/16 R '000	Indicative 2016/17 R '000
Cost of free basic services	2,655	2,811	2,966
Revenue cost of free services and all other rebate provided	670	710	749

Impact of national, provincial and local policies

Umzimvubu sees itself as working in partnership with national, provincial and district municipality spheres of Government in meeting the priority service needs of its people

Section 10 – Overview of budget funding

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17

Achievement of this requirement in totality effectively means that a Council has 'balance' its budget by ensuring that budgeted outflows will be offset by a combination of inflows. Refer to Section 4 and 'Supporting Table SA10: Funding measurement'

Fiscal Overview of Umzimvubu Municipality

There is a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management.

For the past three years the municipality received an unqualified audit opinion from Auditor General. Umzimvubu municipality cannot afford salaries that are prerequisite to GRAP. There is already a lack of qualified accountants in South Africa and the complexities that are GRAP in local government are such that in rural municipalities it is highly unlikely that qualified accountants are going to work at the salaries on offer internally and Umzimvubu, however with the little we have we striving to achieve the clean administration by COGTA.

Long term financial planning

The moderate growth of Umzimvubu coupled with the migration of people to the area has increased service delivery challenges for municipality. Financial management and budget planning is sound, but it has to managed within narrow financial parameters given the challenges and limited financial resources. Umzimvubu municipality is funding its capital expenditure by grants and a very small portion internal funding, however the municipality has managed to secure a DBSA loan for electricity generation.

Section 11 - Expenditure on allocations and grant programmes

Disclosure on expenditure on allocation and grant programmes is done by way of Annexure, "Supporting Table SA18: Transfers and grants receipts, Supporting Table SA19: Expenditure on transfers and grant programme and Supporting Table SA20: Reconciliation of transfers, grant receipts and unspent funds"

Expenditure for each grant for 2013/14 to 2015/16 is summarised in the table below. Note that the expenditures include the Vat portion that is recognised

Grant Name	Allocation Authority/Department	Budget 2013/14 R '000	Indicative 2014/15 R '000	Indicative 2015/16 R '000	Purpose
Equitable Share	National Government	136 167	169 714	169 943	
Finance Management Grant	National Government	1,600	1,650	1,700	To promote and support reforms in financial management by building capacity in municipalities to implement Municipal Finance Management Act
Municipal Systems Improvement Grant	National Government	934	967	1,018	To assist municipalities in building in house to perform their functions and stabilise institutional and government systems
Municipal Infrastructure Grant	National Government	43,294	45,277	47,220	To supplement capital finance for basic municipal structure for poor households, micro enterprise and social institution. The operating portion is utilised for Project

					Management Unit
Integrated Electrification Programme	National Government	25,000			Electricity generation
LED Capacity	LGTA	112	105	118	Electricity generation
EPWP	Public Works	1,593			Expanded Public Works
Community Based Planning	Alfred Nzo District Municipality	150	150	150	Community Based Planning
Library Subsidies	Sport, Arts and Culture	250	250	275	Library operations
Small Towns Revitalisation	DEAT	500			Small Towns Revitalisation

Section 12 - Allocations and grants made by the Municipality

Allocations made by the Municipality

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Any allocation made to an outside body must comply with the requirements of section 67 of MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place

Revenue cost of rebates given	Budget 2014/15 R'000	Indicative 2015/16 R'000	Indicative 2016/17 R'000
Indigent Support	3,325	3,522	3,715

Section 13 – Councillor Allowances and employee benefits

‘Supporting table SA22: Summary councillor and staff benefits and ‘Supporting Table SA23: Salaries, allowances and benefits (political office bearers/ councillors/senior managers).

Umzimvubu municipality’s councillors’ allowances are paid at a grade 3, and an increment of 6.79% has been effected on this 2014/15 budget. The budget for councillors’ allowances has increased as the number of councillors has increased from 54 to 65 because of the incorporation of Traditional leaders.

Umzimvubu has employed 240 employees in order to carry out service delivery and 4 vacancies created by this draft budget. Employee cost has been calculated at an estimated CPI 5.79% increase plus 1.00% per the SALGA. The municipality is fully implementing the outcomes of job evaluation which started last year on the 1 July 2014,

Section 14 – Monthly targets for revenue, expenditure and cash flow

Disclosure on monthly targets for revenue, expenditure and cash flow in the following Supporting Tables

Monthly operating budget revenue and expenditure projections

‘Table SA25: Budgeted monthly revenue and expenditure’ reflects consolidated projections of revenue by source and expenditure by type for the budget year broken down for the budget year, and shown in total for the following two years

‘Table SA26: Budgeted monthly revenue and expenditure (municipal vote)’ and ‘Table SA27 Budgeted monthly revenue and expenditure (standard classification)’ reflect revenue and expenditure broken down per month for the budget year, and shown in total for the following two years

Monthly capital budget revenue and expenditure projections

‘Table SA28: Budgeted monthly capital expenditure (municipal vote)’ and ‘Table SA29: Budgeted monthly capital expenditure (standard classification)’ shows capital expenditure broken down per month for the budget year, and shown in total for the following two years

Monthly cash flow projections

‘Table SA30: Budgeted monthly cash flow’ set up receipts by source or payments by type both operating and capital, broken down per month for budget year, and shown in total for the following two years

Section 15 – Annual budgets and service delivery and budget implementation plans – internal departments

Adoption of the Service Delivery and Budget Implementation Plan

In terms of section 53(1)(c)(ii) of the MFMA and the Service Delivery and Budget Implementation Plan must be approved by the Mayor within 28 days after the final approval of the budget.

Contents of the SDBIP

The SDBIP must contain monthly projections of income and expenditure and quarterly projections of measurable performance objectives.

SDBIP requirements

The SDBIP is essentially a business plan and is an integral part of the financial planning process. Although its approval is required after the budget, its preparation occurs in tandem with the budget process. The SDBIP is the connection between strategic planning, IDP, budget and management performance agreements, and includes detailed information on how the budget will be implemented, by means of forecast cash flows and service delivery targets and performance indicators.

National and Provincial Government refer to five national KPAs they regard as essential to Local Authorities meeting their responsibilities these are:

1. Institutional Transformation and Financial Viability
2. Environmental Planning and Management
3. Infrastructure Development
4. Community Services
5. Local Economic Development

Section 16 – Annual budgets and service delivery agreements – municipal entities and other external mechanisms

'Table SA31 municipal entities' the table shows that the municipality doesn't have entities

Table SA32: List of external mechanism' the municipality doesn't have service delivery contracts.

Section 17 - Contracts having future budgetary implications

‘Supporting Table SA: Contract having future budgetary implications’ Annexure 2 discloses all contracts which will impose financial obligations on the municipality beyond the three years covered in the annual budget

Since Umzimvubu falls in a category of municipalities with approved revenue of R204million, have no contracts beyond the three years covered in the annual budget.

Section 18 – Capital expenditure details

Capital details are shown in the Annexure....

- 'Supporting Table SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)
- 'Supporting Table SA34a: Capital expenditure on new assets by asset class'
- 'Supporting Table SA34b: Capital expenditure on the renewal of existing assets by asset class'
- 'Supporting Table SA24c Repairs and maintenance expenditure by asset class'
- 'Supporting Table SA36: Detailed capital budget'

Section 19 – Legislation compliance status

The disclosure on legislation compliance must provide a brief summary of the status of the implementation of legislation applicable to municipalities including the progress made or delays experienced in implementation

Municipal Finance Management Act – No 56 of 2003

The MFMA became effective on 1st July 2004. The Act modernises budget and financial management practises within the overall objective of maximising the capacity of municipalities to deliver services.

The MFMA covers all aspects of municipal finance including budgeting, supply chain management and financial reporting.

The various sections of the Act are phased in according designated financial management capacity of municipalities. Umzimvubu has been designated as medium capacity municipality.

The MFMA s the foundation of municipal financial management reforms which municipalities are implementing.

The MFMA and the budget

The following explains the budgeting process in terms of the requirement in the MFMA. It is based on the National Treasury Budget Regulations.

The budget preparation process

The mayor must lead the budget preparation process through a coordinated cycle of events that commences at least ten months before the start of each financial year.

Overview

The MFMA requires a Council to adopt three-year capital and operating budgets that take into account, are linked to, the municipality's current and future development priorities and other finance related policies (such as those relating to free basic provision)

These budget must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow, particulars of borrowings, investments, municipal entities, services delivery agreements, grants allocations and employment costs.

The budget must be funded only from reasonable estimates of revenue and cash backed surplus funds from previous year and borrowing (the borrowings are only for capital items)

Budget preparation timetable

The budget preparation time table is prepared by senior management and tabled by Mayor for council adoption on 31 August (ten months before the commencement of the next budget year)

Budget preparation and review of IDP and policy

The Mayor must co-ordinate the budget preparation process and the review of Council's IDP and budget related policy, with the assistance of the municipal manager.

The Mayor must ensure that the IDP review forms and integral part of the budget process and that any changes to strategic priorities as contained in the IDP have realistic projections of revenue and expenditure. In developing the budget, the management has to take account the National and Provincial, the National fiscal and macro-economic policy. The Mayor must consult with the district

Council and all other local municipalities within the district as well as the relevant provincial treasury and other government departments.

Tabling of the draft budget

The initial draft budget must be tabled by the Mayor before Council for review by 31 March.

Publication of the draft budget

One tabled at council, the Municipal Manager must make public the appropriate budget documentation and submit it with National Treasury, the relevant Provincial Treasury. And other departments as required. At this time, the local community must be invited to submit representations on what is contained in the budget.

Opportunity to comment on the draft budget

When the draft is tabled, Council must consider the views of local community, NT,PT other municipalities and government department that may have made submission on the budget.

Opportunity for the revision to draft budget

After considering all views and submissions, Council must provide an opportunity for the Mayor to respond to the submissions received and if necessary to revise the budget and table amendments for Council consideration.

Following the tabling of draft budget at the end of March, the months of April and May should be used to accommodate public and government comment and make any revision that may be necessary. This may take form of public hearing, Council debates, formal and informal delegations to the National treasury, provincial treasury and other municipalities, or any other consultative forums designed to address stakeholders priorities

Adoption of the annual budget

Council must consider the approval of the budget thirty day before the start of the budget year.

BUDGET IMPLEMENTATION

Implementation management – the Service Delivery and Budget Implementation Plan (SDBIP)

The Municipal Manager must within 14 days of the approval of annual budget submit to the Mayor for approval draft SDBIP and draft annual performance agreements for all pertinent senior staff. An SDBIP is a detailed plan for implementing the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly services delivery targets and performance indicators.

Mayor must approve the draft SDBIP within 28 days of the approval of annual budget (by 28 July at the latest)

This plan must then be monitored and reported by the Mayor to council on a regular basis.

Managing then implementation process

The municipal manager is responsible for the implementation the budget and must take steps to ensure that all spending in accordance with the budget and that revenue and expenditure is properly monitored.

Variation from budget estimates

Generally, Council may incur expenditure only if it's in terms of the approved budget, within the limits of the amount amounts appropriated against each vote – and in case of capital expenditure, only if council has approved the project.

Expenditure incurred outside of the above parameters may be considered to be unauthorised or, in some cases, irregular or fruitless or wasteful.

Unauthorised expenditure must be reported and may result in criminal proceedings.

Revision of budget estimates – adjustment budget

It may be necessary on occasion for council to consider a revision of its original budget, owing to material and significant changes in revenue collections, expenditure patterns, or forecast thereof for the remainder of the financial year

In such cases the municipality may adopt an adjustment budget, prepared by the municipal manager and submitted to the Mayor for consideration and tabling at a council for adoption.

The adjustment budget must contain certain prescribed information, it may not result in further increases in taxes and tariffs and it must contain certain appropriate justifications and supporting material when approved by council.

Requirements of MFMA relating to annual budget and supporting documentation

Section 17 of the MFMA stipulates that annual budget of the municipality must be a schedule in prescribed format and sets out what must be included in that format. The various tables detailed in Section 4 and those additionally attached comply with the requirements

Other Legislation

In addition to the MFMA, the following legislation also influences Municipality's budgeting;

The Division of Revenue Bill 2014 and Provincial Budget Announcements

Three year national allocation to local government are published per municipality each year in the Division of Revenue Act. The Act place duties on municipalities in additions to requirements of MFMA, specifically with regard to reporting obligations.

Allocations to municipality from Provincial Treasury are announced and published in the Provincial budget

Section 18 of the MFMA states that annual budgets may only be funded from reasonable anticipated revenues to be collected. The provision in the budget for allocation from National and Provincial Government should reflect the allocations announced or published in the DORA or in the relevant Provincial Gazette.

The Municipal Systems Act – No 32 of 2000 and Municipal Systems Amendment Act – No 44 of 2003

One of the key objectives of the MSA is to ensure financially and economically viable communities. The requirement of the Act link closely to those of MFMA. In particular, the following requirements need to be taken to consideration in the budget process;

- Chapter 4 and 5 relating to community participation and the requirements for the Integrated Development Plan process.
- Chapter 6 relates to performance management which links with the requirements for the budget to contain measurable performance objectives and quarterly performance targets in the Service Delivery and Budget Implementation Plan.

- Chapter 8 relates to the requirement to produce a tariff policy

Section 20 – Other supporting documents

Various supporting documents are attached to enable the reader a full understanding of various processes involved. These are the following:

Annexure 1 – Main Budget Tables

Tables A1 to A10

Annexure 2 – Supporting Budgets Tables

Supporting Tables SA1 to SA37

Annexure 3 – Tariffs, Charges and Fees for 2013/14

Annexure 4

Municipal Budget Circular for the 2014/15 MTREF – MFMA Circular 72

Annexure 5

Process Plan 2014/15

Annexure 6 – Budget Related Policies

Section 21 – Municipal Manager’s quality certification

An annual budget and supporting documentation must be covered by quality certificate in the format as per page 68 of the Government Gazette 32141 – 17 April 2009

QUALITY CERTIFICATE

I, GPT Nota, municipal manager of Umzimvubu Municipality, hereby certify that annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality

Print Name _____

Municipal Manager of Umzimvubu Municipality [EC 442]

Signature _____

Date _____